GOVERNMENT OF INDIA
TOURISM AND CULTURE
LOK SABHA

UNSTARRED QUESTION NO:5190
ANSWERED ON:29.04.2002
HIKE IN TOURISM OULAY
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of TOURISM AND CULTURE be pleased to state:

(a) whether budgetary allocation for the Tourism sector has been hiked for the current financial year;

(b) if so, the details of allocations made, State-wise;

(c) whether the Government have offered some tax concessions/relief to tourism industry;

(d) if so, the programme chalked out by his ministry to utilize these concessions; and

(e) the extent to which it would give a boost to tourism?

Answer

MINISTER OF TOURISM & CULTURE (SHRI JAGMOHAN)

(a) and (b) : Yes, Sir. The Planning Commission has allocated an amount of Rs.225 crores to the Department of Tourism, Government of India for the year 2002-03 for schemes like Development of Infrastructure, Promotion and Publicity, Human Resource Development etc. as compared to Rs.150 crores for the year 2001-02 for the country as a whole.

(c) to (e) : The Government have offered following tax concessions:

- Exemption of Air Travel Tax on air travel from and to the North East
- Service tax exemption given earlier to be extended for one more year; in cases of functions and banquets where the entire bill is for catering services no service tax would be charged.
- Expenditure Tax on hotels to apply only to room charges henceforth: Earlier Expenditure Tax was charged on room charges as well as other services.
- Threshold of Rs.2000 raised to Rs.3000 for levy of Expenditure Tax.
- Disparities between 80HHC and 80 HHD removed: Under Section 80HHC the exemption is for 100% of the total foreign exchange earnings. But for hotels under 80 HHD it was 50% and the balance 50% was exempted if it was kept in a reserve and use for specified purposes. Now this disparity stands removed. Also the phasing out of the benefits was inferior for hotel industry as compared to the units under Sec. 80HHC.
- Deduction of 50% of profits earned by units setting up convention centres will be allowed for 5 years under 80-IB: This will help in bringing up new convention centres.
- Customs Duty on imported liquor reduced from 210% to 182%
- TDS under Sec. 194-H reduced from 10% to 5% : This would benefit the hotels as well as travel and tour operators.

These concessions would enhance the growth of the tourism sector.